

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
October 9, 2009
8:31 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, October 9, 2009 at 8:31 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: David R. Hillier, Chairman; David Gantt, Vice-Chairman; Rhett Grotzinger; Susan C. Fisher; and Jeffrey A. Piccirillo.

MEMBERS ABSENT: Chuck McGrady, Secretary-Treasurer; Brownie Newman

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; D. David Nantz, Director of Operations and Maintenance; Kevin Howell, Director of Properties and Development; Patti Michel, Director of Marketing and Public Relations; Royce Holden, IT Director; Suzie Baker, Administration Manager; Vickie Thomas, Director of Finance and Accounting; M. Kevan Smith, Public Safety Captain; and Ellen Heywood, Recording Secretary.

ALSO PRESENT: Robert Haggard, Honor Air – WNC Rotary District; Bronwyn Burlison, Burlison & Earley, P.A.; Henry Johnson, WNC Pilots Association; Joe Weinflash, Civil Air Patrol; Glenn W. Wilcox, Sr., Wilcox Travel Agency, Inc.; David Anderson.

CALL TO ORDER: The Chairman welcomed everyone in attendance and called the meeting to order at 8:31 a.m.

APPEARANCES: None

PRESENTATIONS:

A. Honor Air: Mr. Bob Haggard appeared before the Board to give an overview of the Honor Air program which is sponsored by the Rotary District of Western North Carolina. Mr. Haggard showed a video from the CBS news show "Sunday Morning" which highlighted an Honor Air trip that brought Hendersonville area vets to the World War II memorial in Washington, D.C.

Mrs. Fisher arrived at 8:36 a.m.

Mr. Haggard extended an invitation to the Authority Board to be a part of the welcome home celebration for the next Honor Air flight scheduled on October 31, 2009. Mr. Haggard informed the Board that the airport staff has been a tremendous help with the 14 flights that have been scheduled from the Asheville Regional Airport. As a tribute to her hard work and dedication, Mr. Haggard presented Ms. Patti Michel with the Paul Harris Fellow Award on behalf of the WNC Rotary District.

The Board thanked Mr. Haggard for his presentation.

B. Operations and Maintenance: Mr. Nantz appeared before the Board to give a presentation highlighting the role of the Operations and Maintenance Department at the airport. Mr. Nantz spoke about the responsibilities of the Maintenance Department which involve keeping the various airport equipment maintained to run efficiently and safely, landscaping the airport property which includes cutting 800 acres of grass on the property, maintaining the lighting fixtures, performing surface painting, conducting winter operations, and the custodial functions that keep the 120,000 square feet of terminal space cleaned. Mr. Nantz also reviewed the Operations aspect of the department that deals with compliance with local, state and federal aviation regulations, ground transportation, airfield driver training, relocation of wildlife away from the airport, airport certification, as well as the public parking areas.

C. Construction Update: Mr. Howell gave the Board an update on the following construction projects:

Landside Parking Lot and Terminal Drive Project: This project is in the 4th phase and on schedule with an anticipated completion by Thanksgiving. Landscaping is well underway, conduits are being installed for new electrical and communications cabling to include parking lot revenue control equipment, security cameras, new lighting in the parking lot and possibly emergency call stations in the parking lot. Selective pavement repair has been completed on the worst areas of Terminal Drive and for other areas that did not need repaving, crack sealing and sealcoat work was done.

Parking Lot Toll Plaza Expansion Project: Fill operations are currently taking place which raises this area by 3 feet. A January completion is expected for this contractor.

Wright Brothers Way - General Aviation Access Road Improvements Project: 7,000 yards have been cut from the hill which runs along this road with another 5,000 to go. The road will also be raised 2 ½ feet and the dirt from the cut project will be recycled

for this. Utility work is well underway. There is a push to finish the utility and grading work as winter weather conditions have the potential to delay paving this area.

North General Aviation Project: This project is in the filling phase with 50,000 to 75,000 tons of fill being delivered each month. Continuing with this pace will see an early January completion date for the fill aspect of the project. The next phase will be the 6' cap of dirt which will make the area a 15 to 20 acre developable site in late spring or early summer. A discussion of the fill used for this project took place with Mr. Howell informing the Board that the Army Corps of Engineers recently inspected the site and were impressed and very complimentary of the work performed. A further discussion of the \$3.7 million spent on this project took place with Mr. Howell informing the Board that the biggest expense was the approximately \$1 million spent for the mitigation of the stream bed. The funds for the mitigation of the stream bed are targeted for the state's Eco Enhancement Program which will be used for stream and wetland projects in Western North Carolina. Staff is following up with the state to find out which conservation projects benefitted from this expense and will inform the Board when the information is received.

Triturator: The equipment has been ordered and Perry Bartsch Jr. Construction Company will begin site work next week.

PC Air and Fixed Ground Power Units: Equipment is in the manufacturing stage for this project and should be received later this fall.

A Gates/Terminal Improvements: The construction site has been fenced in and there are nightly modifications made to the security checkpoint area. Demolition is also underway inside the building in the non-public areas.

Passenger Boarding Bridges: The two bridges are in the process of being manufactured and are expected to be completed in early January. The bridges will then be stored in a climate controlled facility until the job site is ready for them.

Parking Lot Signage: Mr. Howell presented some pictures of new signage for the two entrances to the airport. The signs meet all city sign ordinances but staff will have to present the signage for approval by the Asheville City Council in a few weeks.

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority August 14, 2009 Regular Meeting Minutes: Mr. Gantt made a motion to approve the Regular

Meeting Minutes of the August 14, 2009 meeting. Mrs. Fisher seconded the motion and it carried by unanimous consent.

B. Approval of Asheville Regional Airport Authority August 14, 2009

Closed Session Minutes: Mr. Gantt made a motion to approve the minutes for the August 14, 2009, Closed Session and to seal and withhold the minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mrs. Fisher seconded the motion and it carried by unanimous consent.

OLD BUSINESS: None

NEW BUSINESS:

A. Asheville Regional Airport Authority 2008/2009 Annual Audit

Acceptance: Ms. Bronwyn Burleson appeared before the Board to present the 2008/2009 Audit Report. Ms. Burleson informed the Board that the audit has been submitted to the Local Government Commission (LGC) and staff is awaiting approval before submitting the audit to Buncombe County by the October 15 deadline.

Ms. Burleson stated that the financial statement is in the same format as previous years and encouraged the Board to read the Management Discussion and Analysis. Ms. Burleson discussed the Prior Period Restatement section as well as the Budget and Actual schedule with the Board. Ms. Burleson advised the Board that the audited opinion was an unqualified opinion which is a clean opinion. A few recommendations were made in the Management Letter regarding the budgeting process and presentation which the auditors believe would improve the systems and reporting. Ms. Burleson reminded the Board that the financial statements are the responsibility of the Board, the Airport Director and the Director of Finance and Accounting. Once the LGC has given its approval, Ms. Burleson will provide bound copies of the financial statement to the Board Members as well as submitting it to the County.

Mrs. Fisher made a motion to accept the 2008/2009 Audit Report as presented. Mr. Grotzinger seconded the motion and it carried by unanimous consent.

B. Ratification of Capital Improvement Project Budget Amounts:

The Director informed the Board that staff has good documentation of our projects, how they are funded and where the funds come from. However, staff would like to clarify and change the documentation going forward to a project ordinance for each project. The project ordinance will be effective for the life of the project, will show the funding sources, the Authority's ultimate liability if there is any, and will carry over until a project is complete.

Staff requested all capital improvement project budget amounts approved over the last four or five years be ratified through the schedule that was provided to the Board. The Chairman inquired how often the Board would receive this schedule. The Director responded that this summary was a one-time occurrence as a starting point for the new process but that project ordinances would be given to the Board for each project along with proper motions for Board approval.

Mr. Grotzinger inquired if the Capital Improvement Project Budget Amounts schedule contained any amounts that were not originally approved by the Board. The Director responded that it did not and that the Board had previously approved all the project budget amounts.

Mr. Grotzinger moved to ratify and approve the Capital Improvement Project Budget Amounts. Mr. Piccirillo seconded the motion and it carried by unanimous consent.

DIRECTOR'S REPORT:

A. United Express Service: The Director reported to the Board that SkyWest Airlines would be handling the new service to Chicago. Service is scheduled to start on December 17 and there will be two flights per day using a 50-seat aircraft. The fares have been priced well and SkyWest will be utilizing the common-use Air IT equipment. Staff will be offering SkyWest the incentive plan previously adopted by the Board which includes the \$150,000 marketing package over a 12 month period as well as waiving rents and landing fees for the first year with the exception of the PFC's. A ribbon cutting event will take place and the Board will be informed as to when that will occur.

B. Civil Air Patrol Lease and Status: The lease was executed last month and staff has received a temporary certificate of occupancy for the trailer. The CAP will have access to the trailer for a training session planned for the weekend.

C. Current AIP Status: The House has passed House Resolution 3607 extending FAA funding for three months to December 31, 2009. The Resolution calls for an expenditure of \$1 billion which is 25% of the \$4 billion budget they have proposed. The Senate has also passed this resolution with the same terms. They are allowing \$1 billion to be spent the first quarter of their federal fiscal year but the Department of Transportation has only appropriated \$3.5 billion for fiscal year 2010. There is disconnect with the amount of AIP funding the FAA is hoping to receive and what the DOT has funded. Some senior staffers in Washington believe there could be reauthorization for up to two years by the end of the year. The Director will keep the Board apprised of any further information.

D. Industry Outlook: According to the information the industry is providing, AVL is an anomaly to the good in this industry. For the first half of 2009 traffic is down 8.7% across the country, capacity is down 7.7% across the country, and operating losses are at \$3.7 billion. A \$9 billion global loss is predicted for the year. The outlook for next year is expected to be flat and only a 2% increase for 2011-2012.

Aircraft orders are also down and there are no plans to manufacture a 50 seat regional aircraft. Rather the 70 seat aircraft or higher are the only aircrafts planned on being manufactured.

Biofuels are being tested and the industry has tested over 500 combinations of biofuels. The FAA has approved a 50/50 biofuel which should be in production and use within two years.

E. Part 16 Determination: The ruling from the FAA has been received and the Authority was successful with the determination ruling against Odyssey Aviation. The Authority did not act incorrectly in leasing to Landmark Aviation. Odyssey Aviation has the right to an appeal with the FAA or also the Supreme Court.

The Director also advised the Board that the installation of the Virtual Perimeter Monitoring System is complete and training has been done. Twelve cameras along the perimeter of our property were installed at no cost to the Authority.

The Director informed the Board that Asheville was the feature in the September issue of the US Airways magazine. The Asheville Regional Airport was highlighted in the article and US Airways presented the airport with a framed picture of the centerfold from the magazine.

INFORMATION SECTION: No Comments

AUTHORITY MEMBERS' REPORTS:

A. Adoption of an Authority Environmental Policy: The Chairman requested a committee be formed to draft an environmental policy for review by the Board. By unanimous consent, a committee (to be known as the Environmental Policy Drafting Committee) was created to prepare a draft of a proposed environmental policy for presentation to, and consideration by, the Authority; and Chairman Hillier appointed Messrs. Grotzinger and Piccirillo as the members thereof.

Mr. Grotzinger questioned whether the County's upcoming ban on smoking on county land opens the doors for the airport to follow suit. Mr. Buchanan requested the opportunity to discuss this with the Director, research other airport smoking policies, and possibly contact the Health Department to determine if this is something the Authority could implement as well. Mr. Grotzinger would like to see something in place by the time the state law goes into effect. The Chairman authorized the Director and Mr. Buchanan to proceed with looking into this for discussion at the December meeting.

PUBLIC AND TENANTS' COMMENT: No Comments

CLOSED SESSION: None

ADJOURNMENT: Mr. Grotzinger moved to adjourn the meeting at 10:21 a.m. Mr. Gantt seconded the motion and it carried by unanimous vote.

The Chairman informed the Board that the Board would not meet in November unless it was determined there was a need by the Chairman in consultation with the Airport Director.

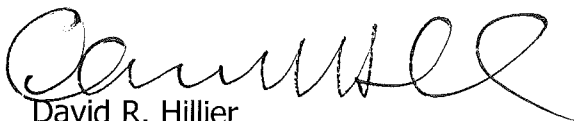
The next regular meeting of the Authority will be on Friday, December 11, 2009 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Asheville, NC 28732.

Respectfully submitted,



Jeffrey A. Piccirillo
Acting Secretary-Treasurer

Approved:



David R. Hillier
Chairman